

SECURITIES A

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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

Washington, DC 111

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the

Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

OMB APPROVAL
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| | MM/DD/YY | | MM/DD/YY |
|--|--|--|---|
| | A. REGISTRANT IDENTIFICA | ATION | |
| NAME OF BROKER-DEALER | C DC Evans and Company, LLC | | OFFICIAL USE ONLY |
| ADDRESS OF PRINCIPAL PL | ACE OF BUSINESS: (Do not use P.O. Box | k No.) | FIRM I.D. NO. |
| 132 Central | Avenue | | |
| Hillsdale | (No. and Street) New Jersey | | 07642 |
| (City) | (State) | (Z | ip Code) |
| NAME AND TELEPHONE NU Douglas C. | MBER OF PERSON TO CONTACT IN RE Evans | | ORT 201-358-2856 Area Code - Telephone Number |
| ······································ | B. ACCOUNTANT IDENTIFIC | | |
| | | | |
| INDEPENDENT PHRLIC ACC | OINTANT whose opinion is contained in t | his Renort# | |
| | OUNTANT whose opinion is contained in t | his Report* | |
| | OUNTANT whose opinion is contained in t e & Felix LLP (Name - if individual, state last, first | - | · |
| Lazar Levin | e & Felix LLP (Nume - if individual, state last, first | - | 07960-2138 |
| Lazar Levin | e & Felix LLP (Nume - if individual, state last, first | i, middle name) | 07960-2138 (Zip Code) |
| Lazar Levin | e & Felix LLP (Nume - if individual, state last, first Avenue, PO Box 2138 Morristow | n middle name) Ta, New Jersey | |
| Lazar Levino 65 Madison (Address) | e & Felix LLP (Name - if individual, state last, first Avenue, PO Box 2138 Morristow (City) | n middle name) Ta, New Jersey | PROCESSE |
| Lazar Levine 65 Madison (Address) CHECK ONE: | e & Felix LLP (Nume - if individual, state last, first Avenue, PO Box 2138 Morristow (City) | n middle name) Ta, New Jersey | (Zip Code) |
| Lazar Levine 65 Madison A (Address) CHECK ONE: | e & Felix LLP (Nume - if individual, state last, first Avenue, PO Box 2138 Morristow (City) | n, middle name) rn, New Jersey (State) | PROCESSE |

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240,17a-5(&)(2)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

3/2/

SEC 1410 (06-02)

OATH OR AFFIRMATION

| I, Douglas C. Evans | , swear (or affirm) that, to the best of |
|---|--|
| | stement and supporting schedules pertaining to the firm of |
| DC Evans and Compa | |
| | 20_67, are true and correct. I further swear (or affirm) that |
| neither the company nor any partner, proprietor, principa | al officer or director has any proprietary interest in any account |
| classified solely as that of a customer, except as follows: | |
| N/A | |
| | |
| • | 0/0 |
| | Unto C. El |
| | Signature |
| 7-1 | Managing Principal/Solo member |
| 1 = 1 = 1 | Managing Principal/ Solo Member |
| | O S Title / |
| Misa V. Siku | |
| Notary Public | |
| / | |
| This report ** contains (check all applicable boxes): | • |
| 图 (a) Facing Page. 图 (b) Statement of Financial Condition. | |
| (c) Statement of Income (Loss). | |
| (d) Statement of Changes in Financial Condition. | |
| (e) Statement of Changes in Stockholders' Equity or | Partners' or Sole Proprietors' Capital. |
| (f) Statement of Changes in Liabilities Subordinated | to Claims of Creditors. |
| (g) Computation of Net Capital. | |
| (h) Computation for Determination of Reserve Requi | irements Pursuant to Rule 15c3-3. |
| (i) Information Relating to the Possession or Contro | Requirements Under Rule 1503-3. |
| (j) A Reconciliation, including appropriate explanation Computation for Determination of the Reserve Re | on of the Computation of Net Capital Under Rule 15c3-1 and the |
| Computation for Determination of the Reserve Right (k) A Reconciliation between the audited and unaudited | ted Statements of Financial Condition with respect to methods of |
| consolidation. | too presentante of t intrinsial constition with toobast to memore of |
| X (i) An Oath or Affirmation. | |
| (m) A copy of the SIPC Supplemental Report. | |
| (n) A report describing any material inadequacies foun | nd to exist or found to have existed since the date of the previous audit. |
| | • |

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DC EVANS AND COMPANY, LLC REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION PURSUANT TO RULE 17a-5 OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE YEAR ENDED DECEMBER 31, 2007

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Lazar Levine & Felix LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Member DC Evans and Company, LLC Hillsdale, New Jersey

We have audited the accompanying statement of financial condition of DC Evans and Company, LLC as of December 31, 2007 and the related statements of operations and member's equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of DC Evans and Company, LLC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DC Evans and Company, LLC as of December 31, 2007 and the results of its operations and its cash flows for the year ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of supplemental analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LAZAR LEVINE & FELIX LLP

Morristown, New Jersey February 21, 2008

DC EVANS AND COMPANY, LLC STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2007

- ASSETS -

| CASH | S | 36,100 |
|---|------------|---------|
| DEPOSITS WITH CLEARING ORGANIZATIONS AND OTHERS | | 75,120 |
| RECEIVABLES | | 764 |
| PREPAID EXPENSES | | 7,264 |
| EQUIPMENT, AT COST, NET OF ACCUMULATED DEPRECIATION | | 1,215 |
| TOTAL ASSETS | \$ | 120,463 |
| -LIABILITIES AND MEMBER'S EQUITY - | | |
| | | |
| Accrued expenses and other liabilities | \$ | 3,013 |
| TOTAL LIABILITIES | | 3,013 |
| COMMITMENTS AND CONTINGENCIES | | - |
| MEMBER'S EQUITY | | 117,450 |
| TOTAL LIABILITIES AND MEMBER'S EQUITY | <u>_\$</u> | 120,463 |

DC EVANS AND COMPANY, LLC STATEMENT OF OPERATIONS AND MEMBER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2007

| REVENUES | | |
|---------------------------------------|----------|----------------|
| Commission income | \$ | 148,700 |
| Interest income | | 120 |
| NASD fees | | 35,000 |
| | \$ | 183,820 |
| OPERATING EXPENSES: | | |
| Dues, subscriptions and licences | | 6,667 |
| Shipping costs | | 438 |
| Office expense | | 3,844 |
| Professional fees | | 2,500 |
| Advertising expenses | | 994 |
| Travel expense | | 111 |
| Insurance expense | | 4,355 |
| Referral expense | | 10,000 |
| Charitable contributions | | 625 |
| Commissions and fees expense | | 68,00 0 |
| Meals and entertainment | | 48 |
| Depreciation and Amortization | | 219 |
| TOTAL OPERATING EXPENSES | | 97,801 |
| NET INCOME | | 86,019 |
| MEMBER'S EQUITY, AT BEGINNING OF YEAR | | 22,793 |
| Member's contribution | | 77,638 |
| Member's draw | | (69,000) |
| MEMBER'S EQUITY, AT END OF YEAR | <u> </u> | 117,450 |



DC EVANS AND COMPANY, LLC STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2007

| CASH FLOWS FROM OPERATING ACTIVITIES: | |
|---|--------------|
| Net income | \$ 86,019 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH USED IN | |
| OPERATING ACTIVITIES: | |
| Depreciation | 219 |
| Loss on disposal of assets | 88 |
| Changes in operating assets and liabilities: | |
| Deposits with clearing organizations and others | (75,120) |
| Receivables | (764) |
| Prepaid expenses | (4,212) |
| Accrued expenses and other liabilities | 421 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 6,651 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchase of furniture and equipment | (1,037) |
| NET CASH USED IN INVESTING ACTIVITIES | (1,037) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Contribution from member | 77,638 |
| Member's draw | (69,000) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 8,638 |
| NET DECREASE IN CASH | 14,252 |
| Cash, beginning of period | 21,848 |
| CASH, END OF PERIOD | \$ 36,100 |



DC EVANS AND COMPANY, LLC NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS:

DC Evans and Company, LLC ("Evans"), a single member limited liability company, was formed on August 30, 2004 in the state of New Jersey and began operations on September 1, 2004. Evans is a broker-dealer registered with the Securities and Exchange Commission and the State of New Jersey, and is a member of the Financial Industry Regulatory Authority ("FINRA"), and raises capital for public and private issuers by conducting private placements with accredited investors and institutions.

Evans does not carry security accounts for customers, execute trades, or perform custodial functions relating to customer securities and, accordingly, is exempt from the provisions of the Securities and Exchange Commission rule 15c3-3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Evans' accounting policies are in accordance with accounting principles generally accepted in the United States of America. Outlined below are those policies considered particularly significant.

(a) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(b) Income Taxes:

Evans is a limited liability company. Accordingly, the accompanying financial statements do not include a provision for Federal or state income taxes. Taxes, if any, are the responsibility of the sole member.

(c) Fair Value of Financial Information:

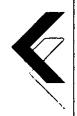
As of December 31, 2007, the carrying amount of cash, accrued expenses and other liabilities approximate fair value because of the short-term maturities of these items.

(d) Revenue Recognition:

Commission fees are recorded when earned.

(e) Equipment:

Equipment is recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful life of the related asset.



DC EVANS AND COMPANY, LLC NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(f) Member Equity

In accordance with the operating agreement, the member made an initial capital contribution to Evans comprising cash and equipment. No additional capital contributions shall be required of the member unless required to maintain minimum net capital requirements. No interest shall be due from Evans on any capital contribution from the member. Net income and net losses in respect of each fiscal year of Evans shall be allocated to the member. The member shall have no liability or obligation for any debts, liabilities or obligations of Evans beyond the member's respective capital contribution.

NOTE 3 - NET CAPITAL REQUIREMENTS:

Evans is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the applicable exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). As of December 31, 2007, Evans had net capital of \$108,971 which was \$103,971 in excess of its required minimum net capital of \$5,000. Evans' net capital ratio was .03 to 1.

NOTE 4 - EQUIPMENT:

Equipment is summarized, as follows:

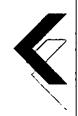
| | 2006 | | Estimated <u>Useful Lives</u> | |
|--|------|----------------|-------------------------------|--|
| Equipment Less, accumulated depreciation | \$ | 1,735 (520) | 5 years | |
| | \$ | 1,215 | | |

Depreciation expense charged to operations amounted to \$219 for 2007.

NOTE 5 - CLEARING AGREEMENT:

Evans has entered into an agreement with Penson Financial Services (Penson) whereby Penson serves as the clearing broker for Evans. The agreement expires two years from the date of the first clearing transaction. Evans has on deposit of \$75,000 with Penson which serves as a deposit for its proprietary account. The agreement with Penson meets the requirements for the deposit to be included as an allowable asset for net capital calculations.

DC EVANS AND COMPANY, LLC SUPPLEMENTAL INFORMATION REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE ACT OF 1934 AS OF DECEMBER 31, 2007



DC EVANS AND COMPANY, LLC INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3 AS OF DECEMBER 31, 2007

DC Evans is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that DC Evans' activities are limited to those set forth in the conditions for exemption appearing in Paragraph (k)(2)(ii) of that rule.



DC EVANS AND COMPANY, LLC SUPPLEMENTAL INFORMATION - SCHEDULE I AS OF DECEMBER 31, 2007

Computation of Net Capital Under Rule 15c3-1 of the Security Exchange Act of 1934

| TOTAL MEMBER'S EQUITY | \$ | 117,450 |
|--|-----------|----------|
| Deductions and/or charges: | | |
| Non-allowable assets: | | |
| Prepaid expenses | | (7,264) |
| Equipment, net | | (1,215) |
| Sub-total of deductions and/or charges | | (8,479) |
| Haircut on proprietary positions and commitments: | | |
| (2%) haircut of cash in money market funds | | - |
| Sub-total of haircut on proprietary positions and commitments | | |
| | | ······ |
| NET CAPITAL | <u>\$</u> | 108,971 |
| Aggregate Indebtedness | | |
| Accounts payable and accrued expenses to non-customers | | 3,013 |
| TOTAL AGGREGATE INDEBTEDNESS | <u>\$</u> | 3,013 |
| COMPUTATION OF BASIC NET CAPITAL REQUIREMENT: | • | |
| | | |
| Minimum net capital required (.0667 of aggregate indebtedness) | \$ | 201 |
| Minimum dollar requirement | | 5,000 |
| Net capital requirement (greater of minimum net capital or dollar requirement) | <u></u> | 5,000 |
| EXCESS NET CAPITAL | \$ | 103,971 |
| Excess net capital at 1000% (net capital, less 10% of aggregate indebtedness) | <u> </u> | 107,904 |
| 1 (P) W W W W W | | |
| Percentage of aggregate indebtedness to net capital | | 2.76% |
| Ratio: aggregate indebtedness to net capital | | .03 to 1 |
| Reconcilliation with Company's computation (included in Part II of | | |
| Form X-17A-5 as of December 31, 2007) | | |
| Net, capital, as reported on Company's Part II (unaudited) Focus report | \$ | 108,306 |
| Increases (decreases) resulting from December 31, 2007 | | |
| audit adjustments, net | | 665 |
| Net capital, as included in this report | \$ | 108,971 |
| | | |



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5(G)(1) FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

To the Member DC Evans and Company, LLC Hillsdale, New Jersey

In planning and performing our audit of the financial statements of DC Evans and Company, LLC (the "Company"), as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5 (g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- 1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
- 2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5(G)(1) FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15C3-3 (CONTINUED)

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

LAZAR LEVINE & FELIX LLP

Morristown, New Jersey February 21, 2008

